

Chicago Tribune, November 16, 2007

WASHINGTON -- The agency that distributes billions of dollars in American foreign aid cannot "reasonably ensure" that its money does not wind up in terrorist hands, an internal audit has concluded.

The United States Agency for International Development funded groups with ties to terrorism on at least two occasions, the agency's inspector general found in an audit. That included approving \$180,000 for a Bosnian group whose president was on a "watch list" that barred him from entering the United States, and \$1 million for an aid "partner" who later pleaded guilty to lying to federal agents about his involvement with a disciple of Osama bin Laden.

Officials cut off the funding in both instances after the terrorist affiliations were discovered.

"Although it conducts programs in countries where terrorism is a major concern," the audit warned, "USAID has not developed or instituted a worldwide anti-terrorism program. ... USAID risks providing funding or other material support and resources to terrorists or terrorist organizations."

Officials reviewing report

Agency officials said that their system to screen grant recipients for terrorist links is "very comprehensive" and that they look to strengthen it.

"We have reviewed the [inspector general's] report," said David Snider, a USAID spokesman, "and we are taking it very seriously."

The audit, obtained by the Tribune, is dated Nov. 6 and marked "sensitive but unclassified." It

has not been released to the public. Rep. Mark Kirk (R-Ill.) asked USAID officials to conduct it earlier this year, following a news report that the agency gave \$140,000 to a university linked to Hamas, the Palestinian group labeled a terrorist organization by the U.S.

On Thursday, Kirk said the audit "raises serious questions as to the integrity of U.S. taxpayer assistance" in foreign countries. He attributed the lack of anti-terrorist controls to "either incompetence or bureaucratic neglect" and said he was "keenly disappointed" in the Bush administration for allowing it to occur.

USAID handed out \$10 billion in 2005, making it the largest arm of the nation's \$27 billion foreign aid operation. Federal law requires government officials to deny terrorists and their organizations access to that money. One of the best tools for doing that is "vetting," checking grant recipients' identities against information in terrorist databases.

The audit traced USAID's efforts to create a comprehensive vetting process to a 1999 working group that never produced a final report because of "staff departures and turnover." The agency piloted a vetting procedure in 2000 but suspended it in 2003 because of "insufficient intelligence community resources."

The issue boiled over on Capitol Hill in March, when The Washington Times revealed that USAID had supported the Hamas-linked Islamic University, where Palestinian security forces had recently arrested five Iranians who were allegedly making rockets and explosives. The aid was given in spite of what a State Department spokesman called a "careful vetting process."

Chairman blasts agency

Days after the report, at a House Foreign Affairs Committee hearing, Chairman Tom Lantos (D-Calif.) blasted USAID, saying the thought that America "funds organizations and individuals engaged in terrorism or the glorification of terrorism is deeply disturbing" and "must and will end."

Kirk, who sits on the House foreign operations subcommittee, then asked USAID Inspector

General Donald Gambatesa to look into the possibility of other foreign aid flowing to terrorists. The inspector general launched two audits. The second is due at the end of this month.

The Nov. 6 audit detailed the two examples of aid money reaching suspected terrorists. In 2006, the U.S. Embassy in Bosnia discovered the grant recipient who had been on a "watch list" since May 1997. In 2005, a recipient of aid from USAID in Pakistan was sentenced to 4 years in prison for making false statements to counterterrorism agents investigating his ties to a bin Laden follower.

"These instances could have been avoided if USAID had comprehensive vetting policies and procedures," the audit concluded. It recommended eight steps including creating a worldwide vetting database and developing plans to vet American-based grant "partners" in foreign countries who could funnel money to terrorists.

Kirk said that for the agency's 2008 budget, he will push to include stricter reporting standards for USAID recipients and penalties for the agency if it cannot adequately assure taxpayers their foreign aid is not funding terrorists.